

2015

Business Plan on implants distribution in the RF territory



1. Executive Summary	3
2. Background and History of the Company	3
3. Market Analysis and Marketing Concept	3
3.1. Market Analysis	3
3.2. Marketing Concept	5
3.3. Objectives and Sales Forecast	5
3.4. Pricing	5
3.5. Organizational Plan	5
3.6. Advertising and Promotion	5
4. Financial Plan	5
4.1. Assumptions	5
4.2. Investment Costs	6
4.3. Indirect Costs	6
4.4. Personnel Expenses	6
4.5. Budget for Advertising and Promotion	6
4.6. Need for Investment	7
5. Project Risks	7
5.1. Organizational and Managerial Risk	7
5.2. Financial Risk	7

1. Executive Summary

The present business plan is to present a development project for distribution of XXX dental implants and abutments in the territory of the Russian Federation. The distribution project under discussion is supposed to be performed by a group of companies engaged in the supply of modern medical equipment and consumables to the market of the Russian Federation (hereinafter, the Company).

Following the conducted analysis of the market itself and the Company's resources, we have drew up a sales plan and, as a consequence, a procurement plan shown in the chart below:

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Chart 1. Procurement Plan

To implement this plan, the Company asks the XXX manufacturer to provide the following distribution terms and conditions:

1.

Arguments for the above mentioned conditions necessary for successful distribution are given in the proposed business plan.

2. Background and History of the Company

This section presents information about the initiator of the project.

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3. Market Analysis and Marketing Concept

3.1. Market Analysis

In recent years there has been a worldwide rapid development of the dental implants market. This is clearly demonstrated in the chart below.¹

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Chart 2. Dynamics of the dental implants market in different regions of the world

As you can see from the chart above,

In **, the total volume of the dental implants market in these regions exceeded the analogous figure in *** at *,* times.** Average market growth rate amounted to *% per year.

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Chart 3. Countrywise structure of the dental implants market

As you can see from the chart above,²

¹

Based on data on the European market and the share of the Russian Federation in it, we can judge upon Russian implants market. The results of the calculation are shown in the chart below.

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Chart 4. Dynamics of the Russian market of the dental implants

As you can see from the chart above,

According to expert estimates,³ **the import share within the RF implants market goes to **-**%.**

The following chart shows data on import volume according to HS code *****⁴, which takes into account foreign trade operations with dental implants and abutments.

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Chart 5. Dynamics of import volume according to HS *****

As you can see from the chart above,

An important indicator in the assessment of the market is a rate of implants penetration into the country market, measured by the amount of consumed products (implants) per capita. Data on this indicator are shown in the following chart.⁵

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Chart 6. Dental implants penetration to the world markets

As you can see from the above chart,

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Table 1. Comprehensive analysis of market factors

As you can see from the above

Basing on the results listed above, we created a forecast for the perspective capacity of the Russian market of dental implants. For the purposes of calculation we accepted an assumption that the rate of market growth in the period up to **** will correspond to the average rate of the period ***-***, which constitute *%.

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Chart 7. Estimate for the perspective capacity of the Russian market of dental implants

As you can see from the above chart,⁶

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3.2. Marketing Concept

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3.3. Objectives and Sales Forecast

As already mentioned earlier, the company plans to take **% of the Russian market in ****.

Taking into account our forecast of market development, we are planning the following sales volume in case if the Company has exclusive rights on the territory of the Russian Federation:

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Table 2. The planned sales volume

3.4. Pricing

Considering the competitive nature of the market, the Company will price their services based on the competitors' price monitoring.

The estimated price level:

- Implants – ***-*** Euro per unit.
- Abutments – ** Euro per unit.

It should be noted that successful sales will require sufficient availability of the entire product range in stock.⁷ One also should keep in mind that the demand for marketable products is uneven.

In connection with the above said,

3.5. Organizational Plan

In case of a distribution contract between the Manufacturer and the Company, the following organizational steps will be taken:

2.

3.6. Advertising and Promotion

The company plans the following activities on promotion of XXX products on the Russian market:

1.

4. Financial Plan

4.1. Assumptions

The economics of the distribution project was modeled based on the following assumptions:

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1. The Euro exchange rate is assumed equal to ** roubles that correspond to RF CB exchange rate at the time of business plan drafting.
2. We plan about **% of ExWorks on transportation costs referring to product delivery to the Company's warehouse.
3. Customs duty
Products with HS ***** including “the artificial teeth and dental fittings” are imported into the territory of the Russian Federation free of duty.
In accordance with provisions of the Resolution of the Government of the Russian Federation, No. *** dated September **th, **** (On lists of codes of medical goods subject to VAT at the rate of ** per cent), medicines, medical supplies and medical equipment, as well as raw materials and components for their production are subject to **%-tax upon importation, if there is a certificate of the Ministry of Health.
4. Inventory is planned on the basis of the average turnover of * months.
5. Deferred payment to supplier is accepted as equal to * months from the date of product shipment to the address of the Company.

4.2. Investment Costs

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Table 3. Investment costs

4.3. Indirect Costs

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Table 4. Indirect costs

4.4. Personnel Expenses

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Table 5. Personnel expenses, thousand Euro

4.5. Budget for Advertising and Promotion

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Table 6. Budget for advertising and promotion

4.6. Need for Investment

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5. Project Risks

5.1. Organizational and Managerial Risk

The basic organizational and managerial risk is considered to be a sales plan failure.

To minimize this risk in the field of advertising and promotion the Company should:

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To minimize this risk in sales the Company should:

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5.2. Financial Risk

Financial risk is associated above all with the possibility of late payment by clients. To minimize this risk in sales the Company should do the following:

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